



Cooperative Update

Julie C. Parsley | Chief Executive Officer
Eddie Dauterive | Chief Operations Officer
Randy Kruger | Chief Financial Officer
Don Ballard | General Counsel
JP Urban | EVP, External Relations



CEO Report

Julie C. Parsley | Chief Executive Officer

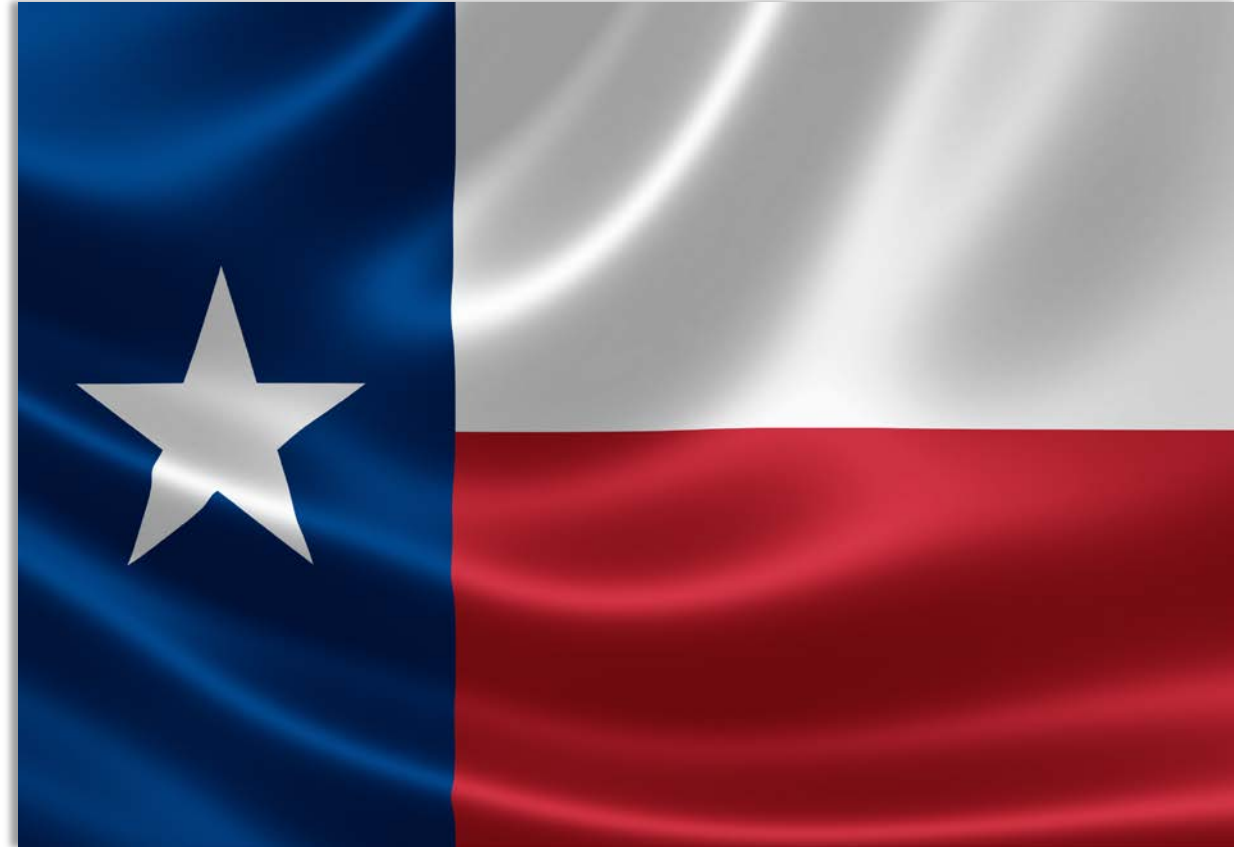
88th Legislative Session

Key Bills Passed

- HB 1500, PUC Sunset Bill
 - Included PCM guardrails
 - PUC and ERCOT governance requirements
 - PUC and ERCOT Studies
- HB 4246, Increased Unclaimed Property
- SB 2627 and SJR 93, Funding Mechanisms for Electric Generating Facilities

Key Bills Not Passed

- SB 7, ERCOT Reliability
- HB 4910, Pole Attachments



Legislative Update

- In late May, PEC lineworkers were recognized from the House Floor for their heroic efforts during Winter Storm Mara (HR 2162)
- PEC's 85th anniversary was also recognized (HR 2163)
- May 30, Gov. Abbott called a Special Session to address Property Taxes and Border Security
 - House has sine died
 - Senate remains in Session
- Veto period ends June 18



Regulatory Update

- PUC Chairman Peter Lake resigned June 2
 - Served as Chair since April 2021
 - Leaving role as a commissioner July 1
- Kathleen Jackson confirmed by the Senate
 - Governor Greg Abbott appointed Jackson as Interim Chair on June 7
 - Kathleen Jackson served on PUC since August 2022



Peter Lake
Former Chair, PUC



Kathleen Jackson
Interim Chair, PUC

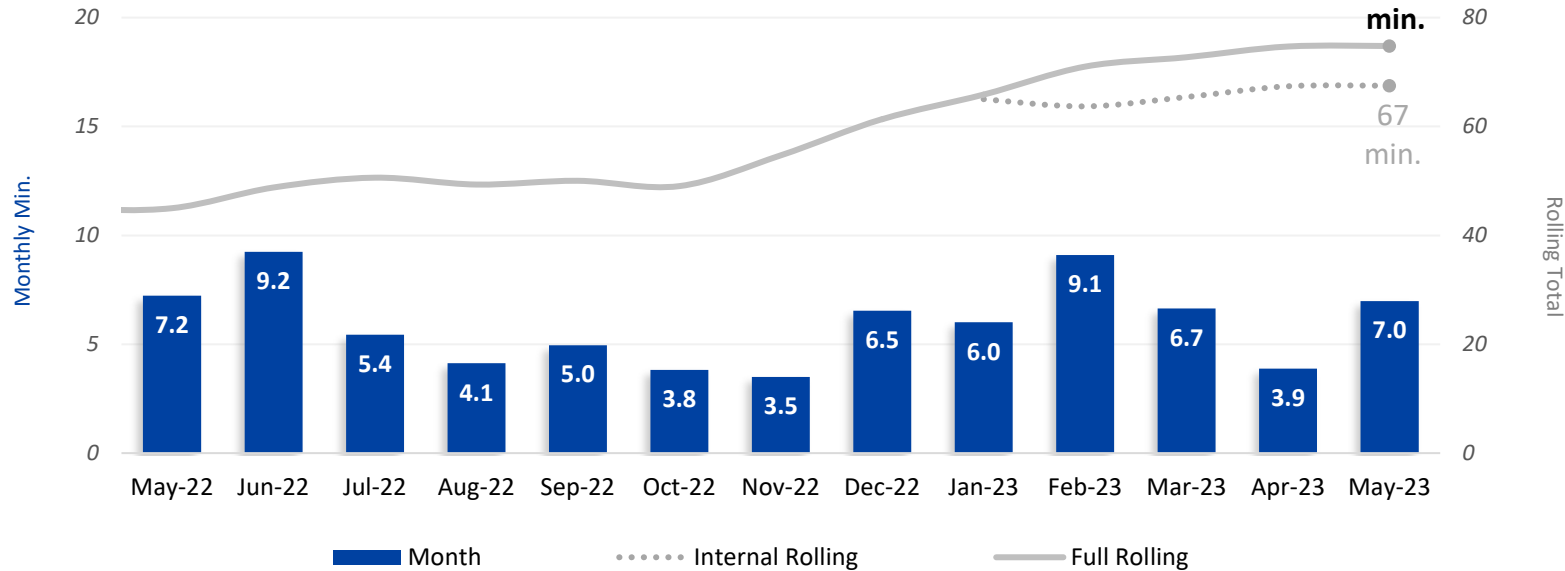


Operations Report

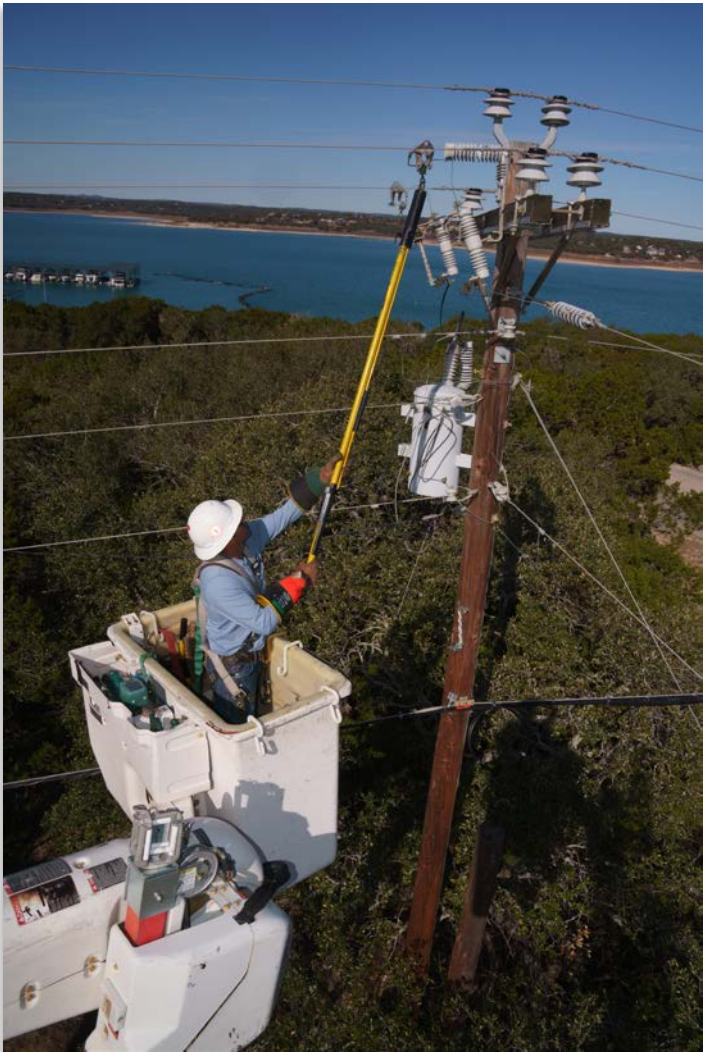
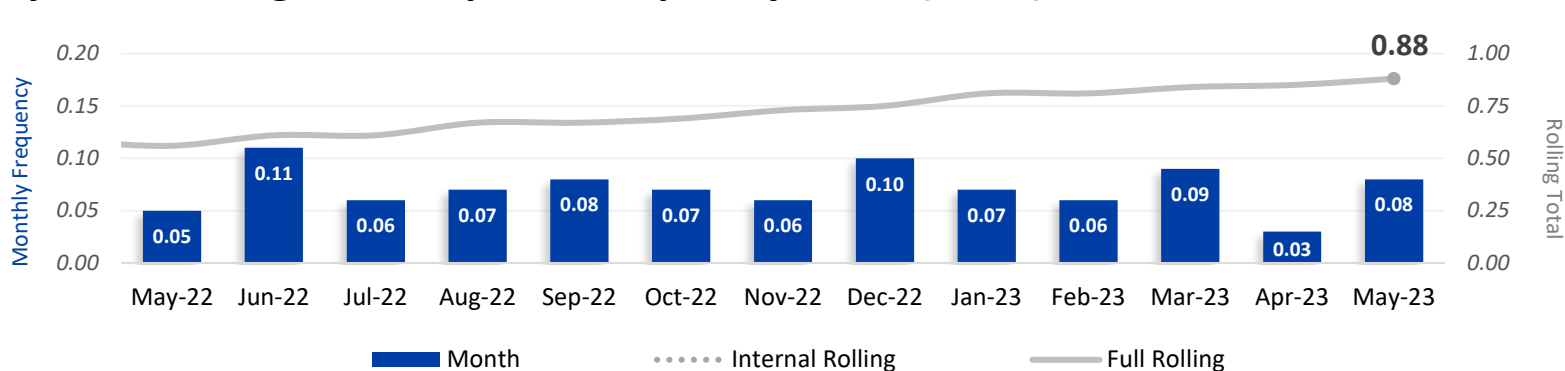
Eddie Dauterive | Chief Operations Officer

Reliability

System Average Interruption Duration Index (SAIDI)

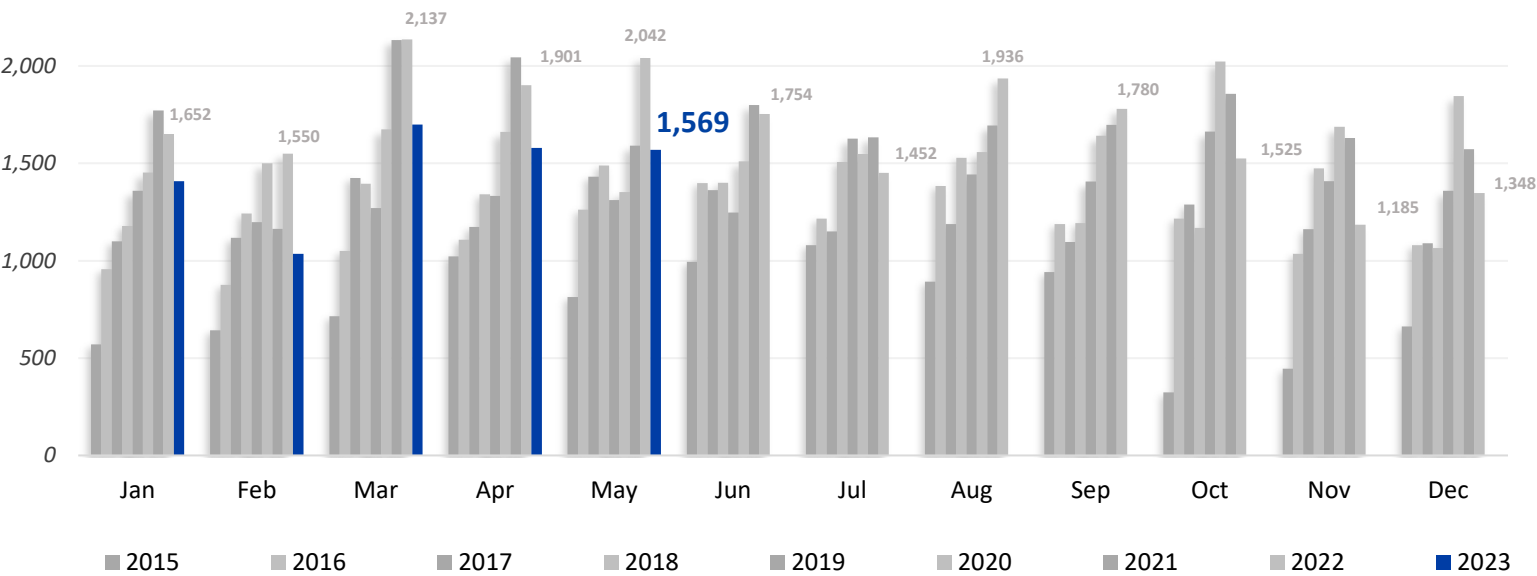


System Average Interruption Frequency Index (SAIFI)

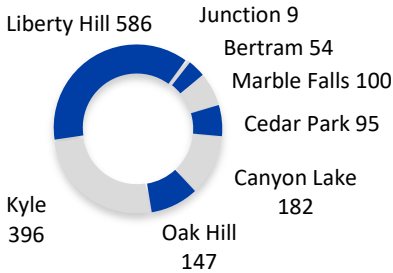


System Growth

Line Extensions Completed 2019: 16,640 2020: 19,458 2021: 20,592 2022: 20,262 2023 YTD: 7,292



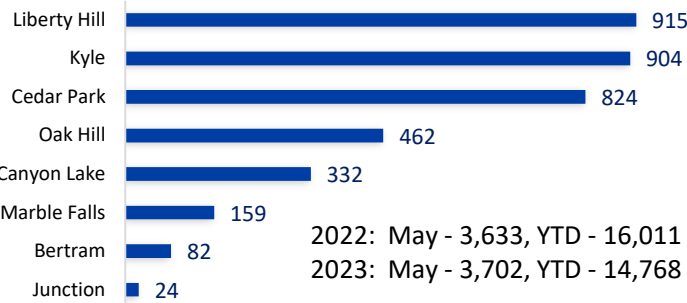
Line Extensions
Per District (1,569)



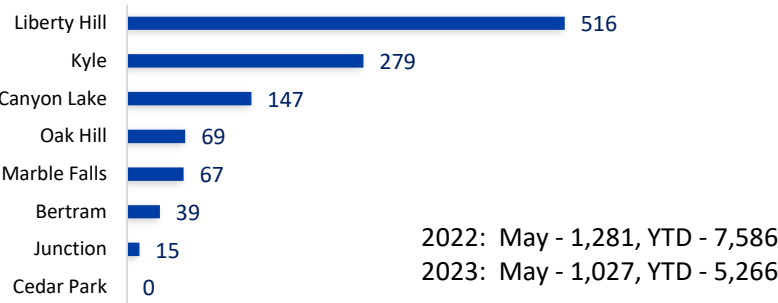
Miles of Distribution Line:
Underground: 6,939 (28%)
Overhead: 17,649 (72%)
Total: 24,588



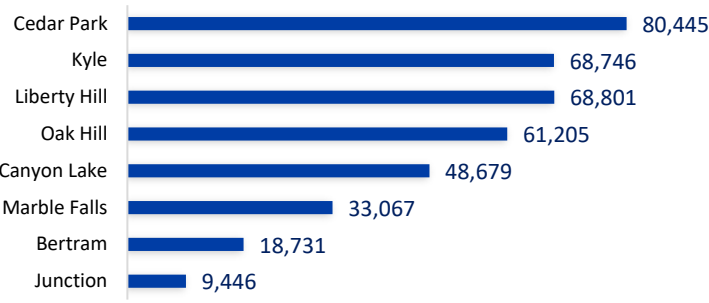
Member Applications (3,702)



Meter Growth (1,027)



Meter Totals (389,121)

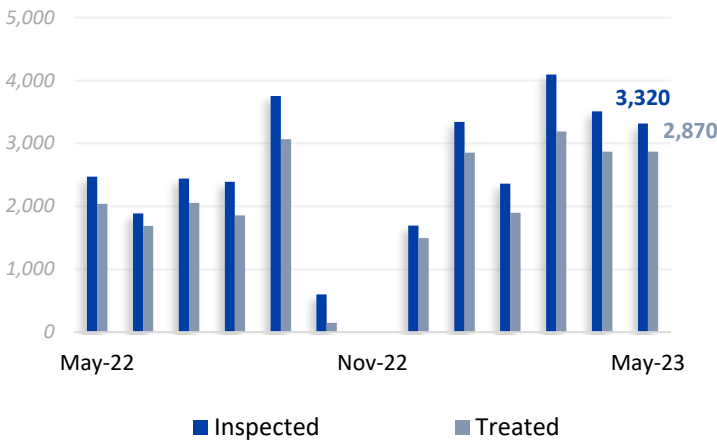


Distribution Maintenance

Pole Testing & Treatment (PTT)

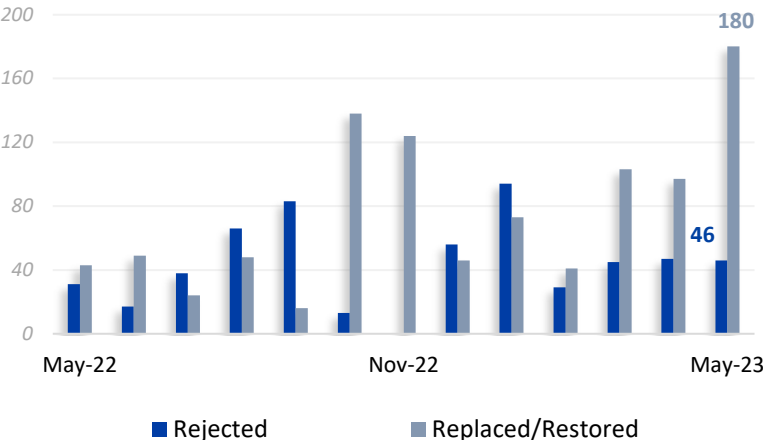
Poles Inspected & Treated

2022 YTD: Inspections - 24,263 Treated - 19,116
2023 YTD: Inspections - 16,633 Treated - 13,683



Poles Rejected & Replaced/Restored

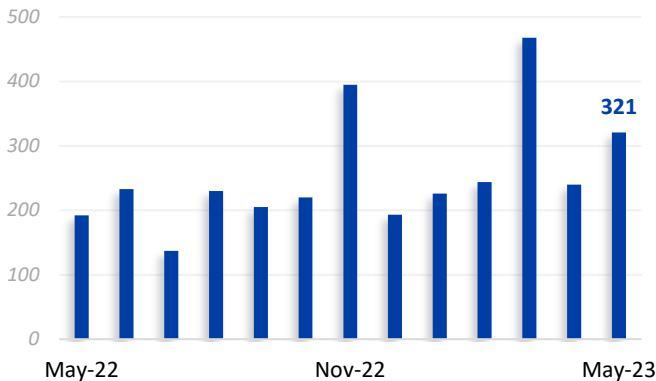
2022 YTD: Rejected - 386, Restored - 238
2023 YTD: Rejected - 261, Restored - 494



Underground Equipment

URD Pad Restorations

2022 YTD: Restorations - 1,090
2023 YTD: Restorations - 1,499



Vegetation Management

LiDAR Assessment Audits:

Type	Jan	Feb	Mar	Apr	May
C&D WUI 3 Phase	50	239	458	841	133
C&D WUI 1 Phase	335	331	1,245	806	1,389
C&D Other 3 Phase	49	29	110	122	206
C&D Other 1 Phase	362	161	95	235	852
All C&D	796	760	1,908	2,004	2,580

Wildland Urban Interface (WUI):

Areas between unoccupied and developed land that pose greater risk for wildfire.

C&D WUI 3-Phase
96% Complete



Outage Management Enhancements

Completed

Improvements or minor system configurations for significant outage event.

- Finetuning outage prediction rules
- Automated outage awareness notifications
- Control Room map configurations to distinguish and prioritize outages from damage assessments

2023 Corporate Initiatives & CEO Action Items

Several projects were launched through 2023 Plan for completion EOY 2023:

- Targeted email and text messaging by status or location
- Website redesign
- Situational awareness for Control Center with an improved pinging process

In Development (for completion EOY 2023)

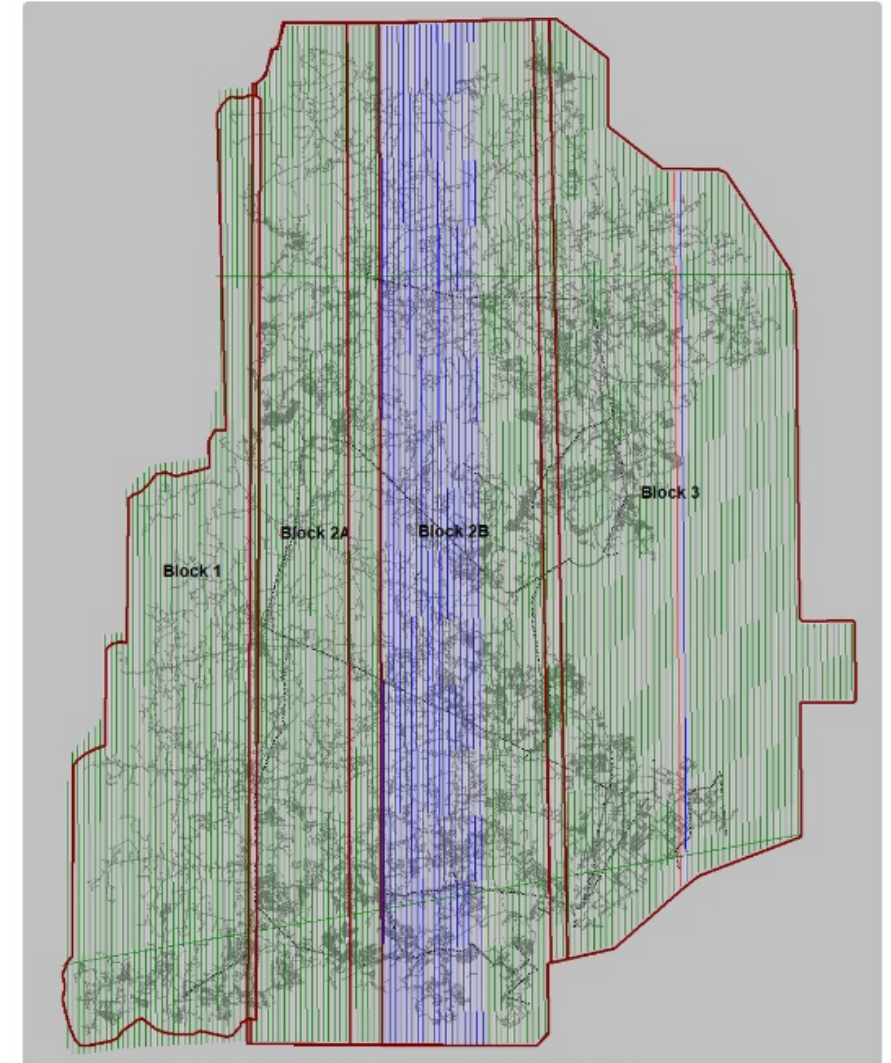
Workgroups were established to complete:

- Outage map improvements
- Formalizing PEC contractor onboarding process
- Defining contractor switching and tagging capability
- Evaluating dispatching efficiencies and localized management

Vegetation Scan

LIDAR Scan In Progress

- 10,986 sq. kilometers scanned in May 2023
- 79% of the eastern service territory
- 119 of 143 service lines completed
- PEC requested an expedited scan from IBM to analyze the impact of Winter Storm Mara.
- A partner of IBM is providing a 2nd plane to support a quicker analysis.
- On track to begin receiving data from the scan in August.



PECI collected swaths as of 06/01/2023
Green=Verified
Blue=Unflow



May 2023 Financial Report

Randy Kruger | Chief Financial Officer

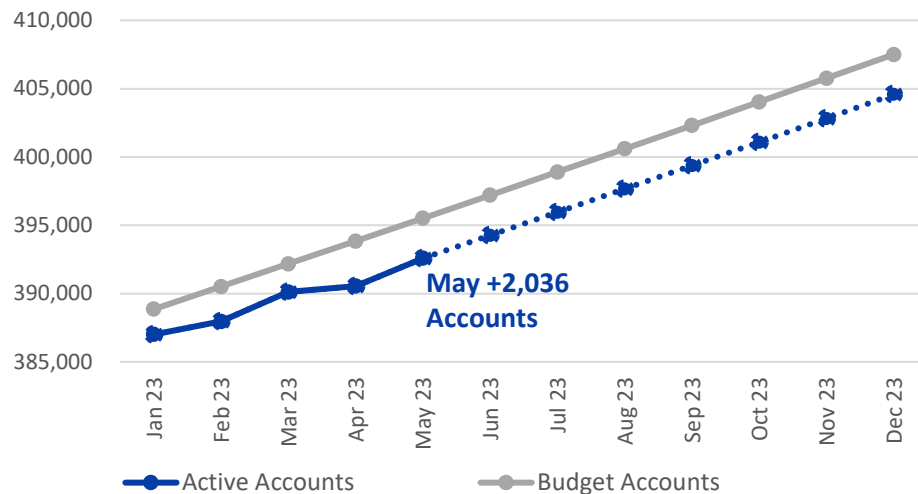
3. Financial Report

Finance at a Glance – May 2023

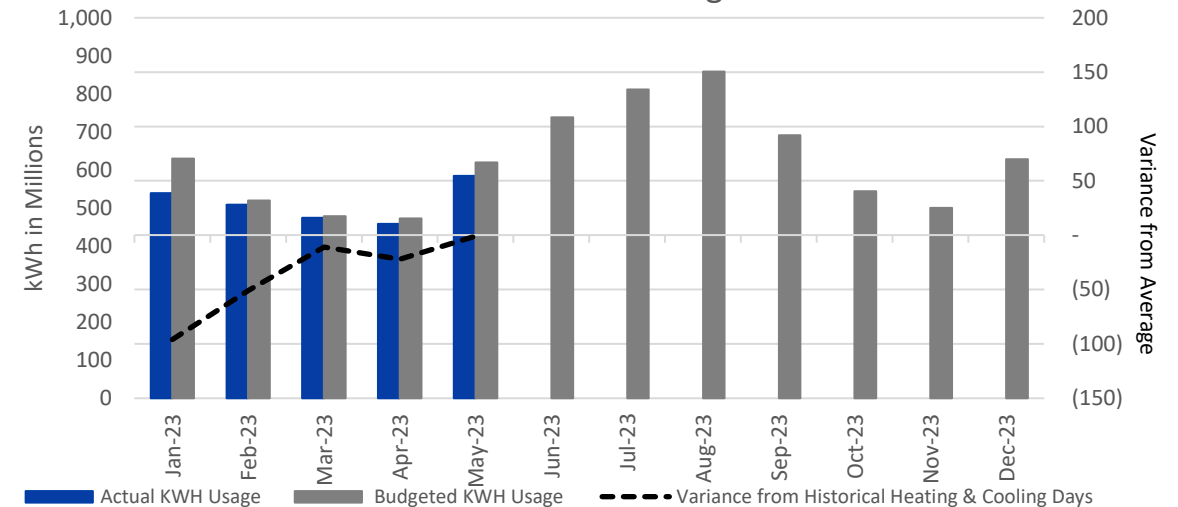
	MTD (\$ in millions)			YTD (\$ in millions)		
	Actual	Budget	Variance	Actual	Budget	Variance
MWH Sold	584,814	619,800	(34,986)	2,564,523	2,720,041	(155,518)
Gross Margins	\$ 25.7	\$ 28.9	\$ (3.2)	\$ 134.8	\$ 137.0	\$ (2.2)
Net Margins	\$ 1.0	\$ 2.5	\$ (1.5)	\$ 4.8	\$ 6.9	\$ (2.1)
EBIDA	\$ 11.6	\$ 14.6	\$ (3.0)	\$ 60.2	\$ 70.2	\$ (10.0)
Revenue O/(U)	\$ 9.0	\$ 2.7	\$ 6.3	\$ 13.4	\$ 1.6	\$ 11.8
EBIDA(X)	\$ 20.5	\$ 17.2	\$ 3.3	\$ 73.6	\$ 71.8	\$ 1.8

	Liquidity Coverage (\$ in millions)
Cash & Marketable Securities	\$ 5.2
Short Term Facilities	505.0
Less: Short Term Borrowings	28.0
Available Liquidity	\$ 482.3
Liquidity Coverage (Days)	276

Active Account Growth



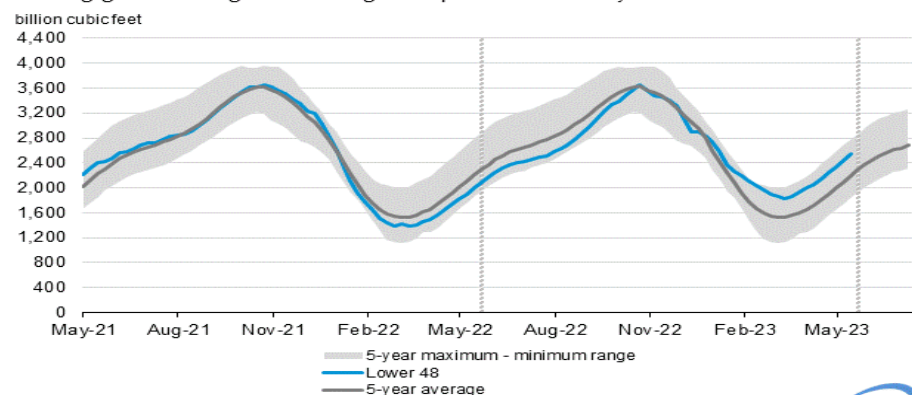
Weather and kWh Usage



3. Financial Report

Power Market Fundamentals

Working gas in underground storage compared with the 5-year maximum and minimum



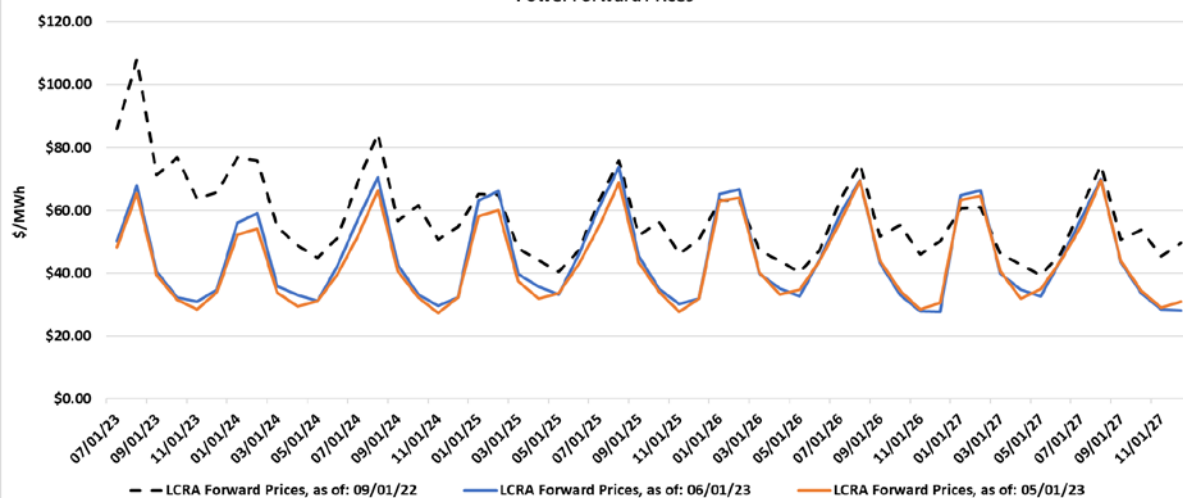
Data source: U.S. Energy Information Administration



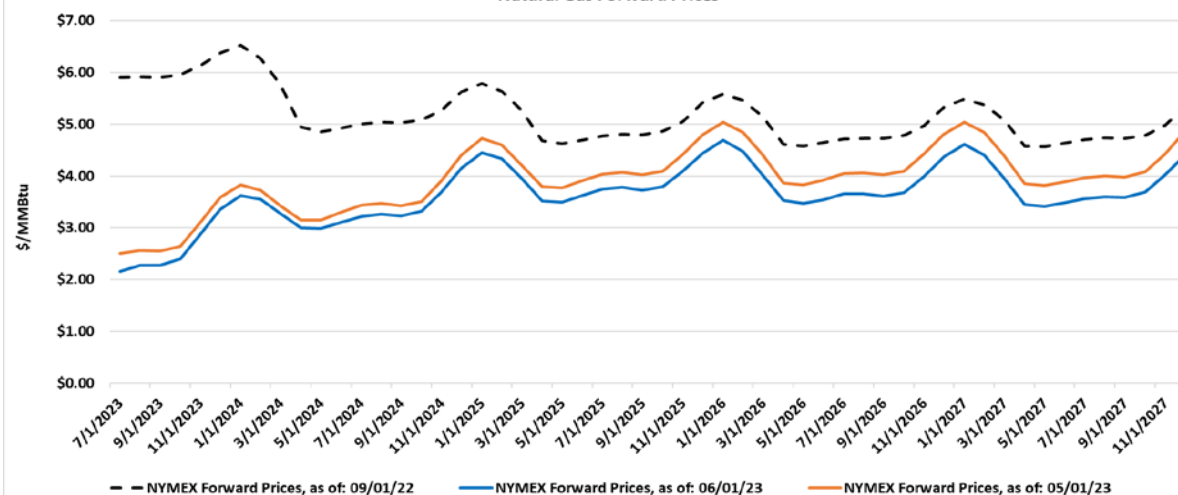
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2018 through 2022. The dashed vertical lines indicate current and year-ago weekly periods.

As of June 2

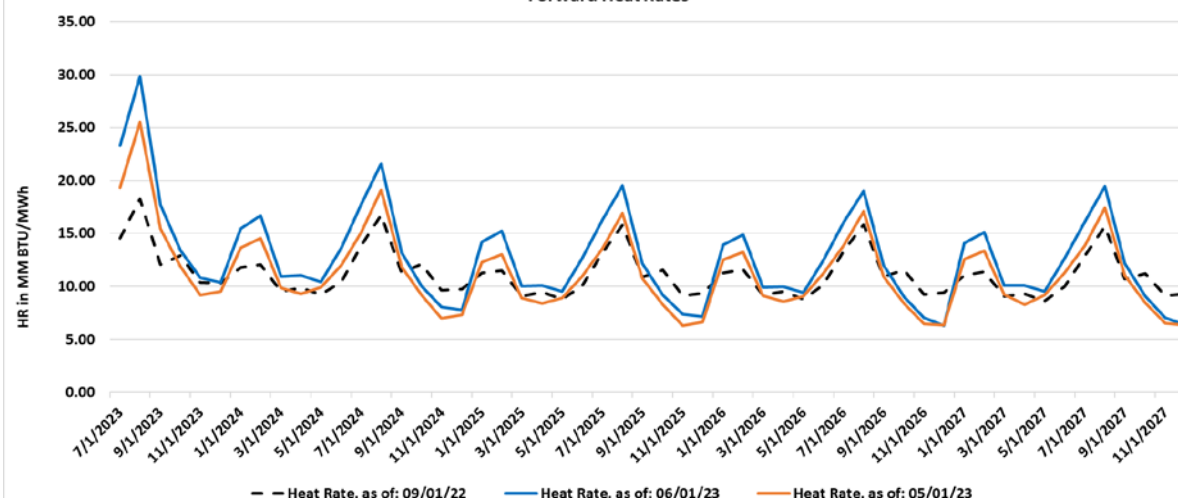
Power Forward Prices



Natural Gas Forward Prices



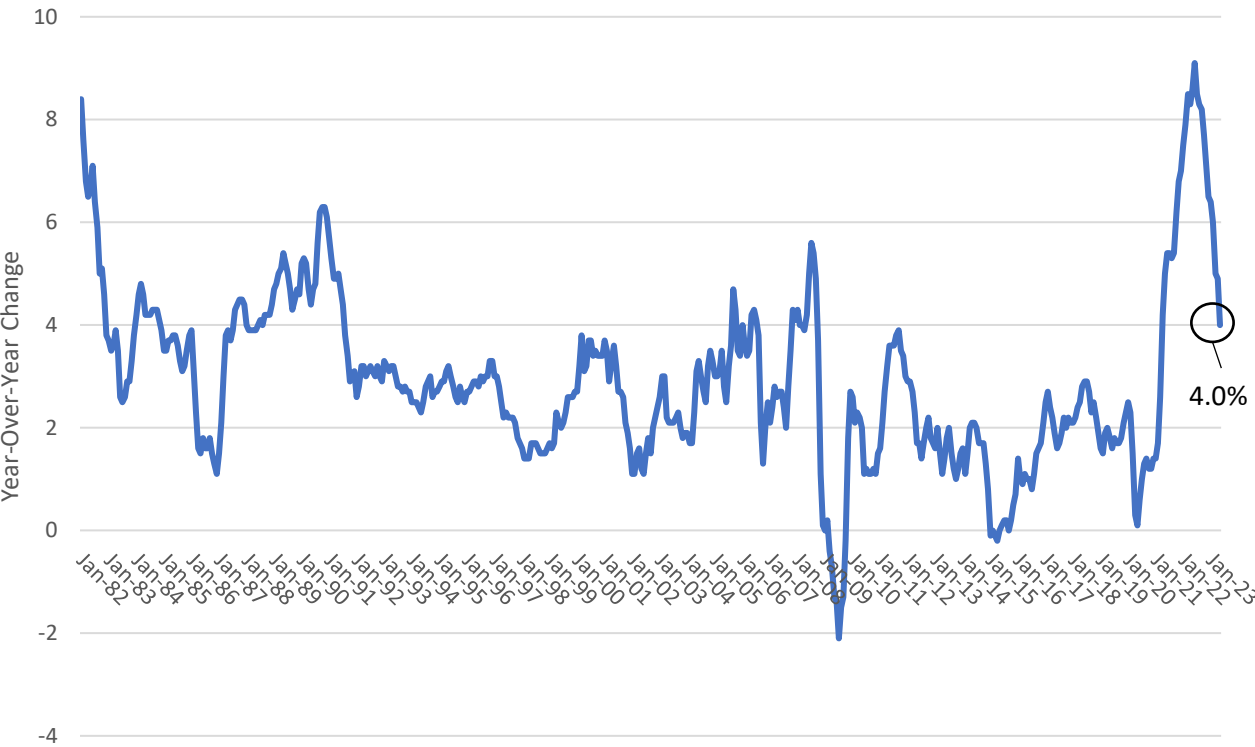
Forward Heat Rates



Inflation

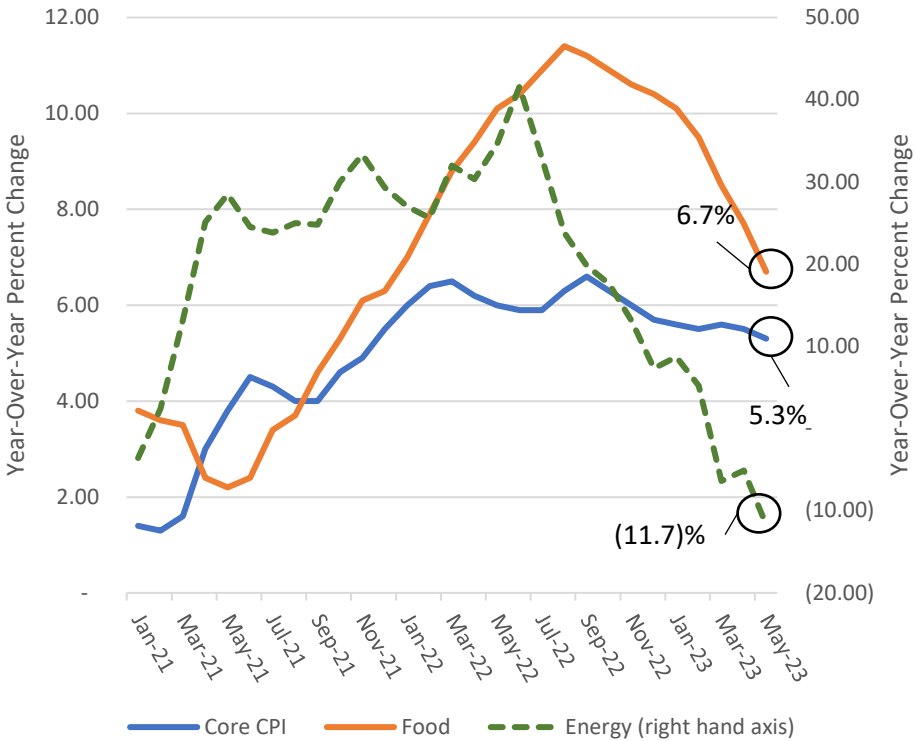
Overall CPI continues downward trend; Core CPI remains rangebound between 5.0%-6.0%; Energy prices decline YoY driven by transportation fuel (-19.7%), fuel oil (-37.0%), and utility gas services (-11.0%) offset by increases to electricity (+5.9%) prices

CPI Jan 1982 to May 2023



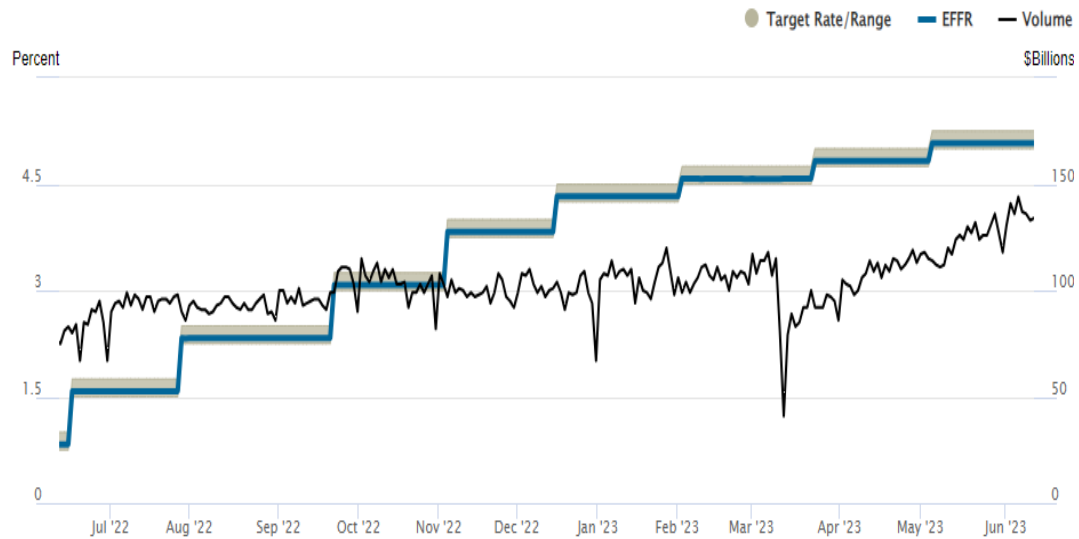
Source: U.S. Bureau of Labor Statistics

Core CPI, Food and Energy
Jan 2021 to May 2023



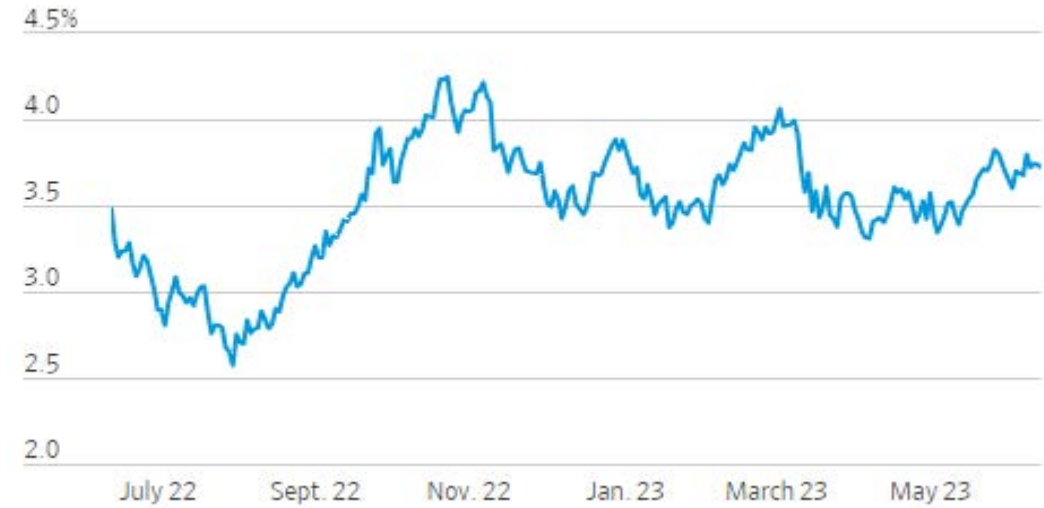
Source: U.S. Bureau of Labor Statistics

Federal Funds Rate



Source: Federal Reserve Bank of New York 6/13/2023

10-Year Note



Source: *The Wall Street Journal* 6/13/2023



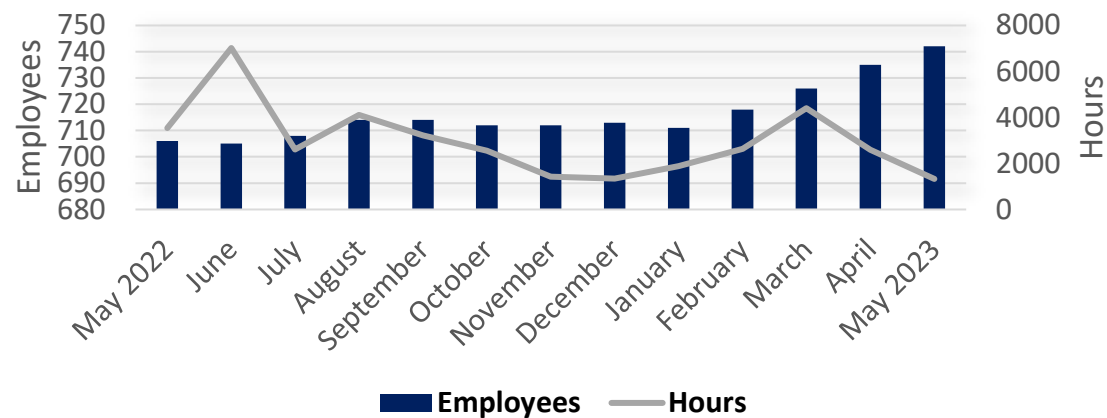
Workforce and Governance Report

Don Ballard | General Counsel

May Employee Development

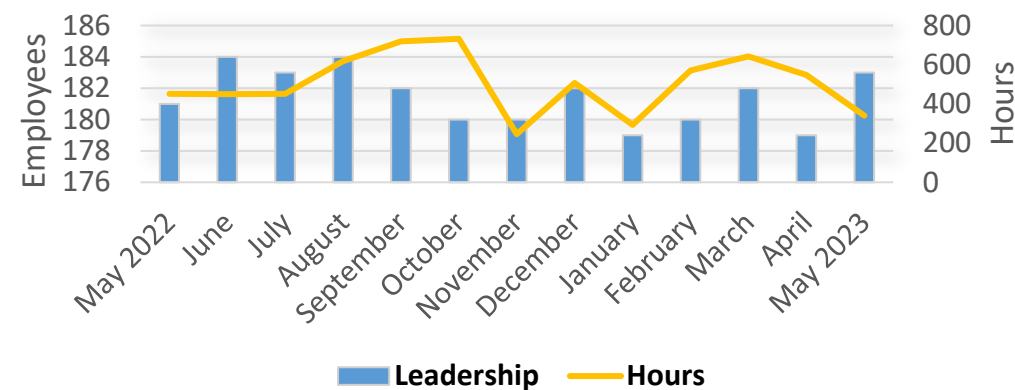
Employee Training

Hours for employees and leadership overall by month



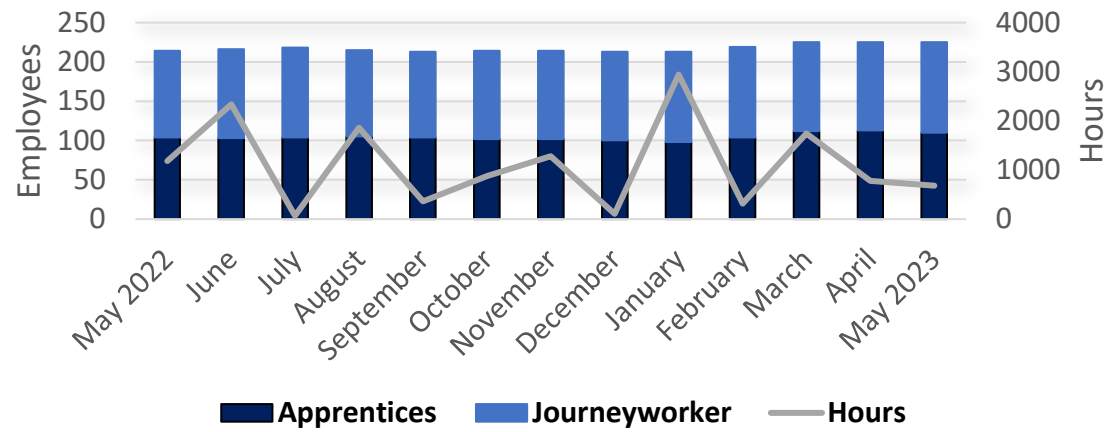
Leadership Training

Hours for employees and leadership overall by month



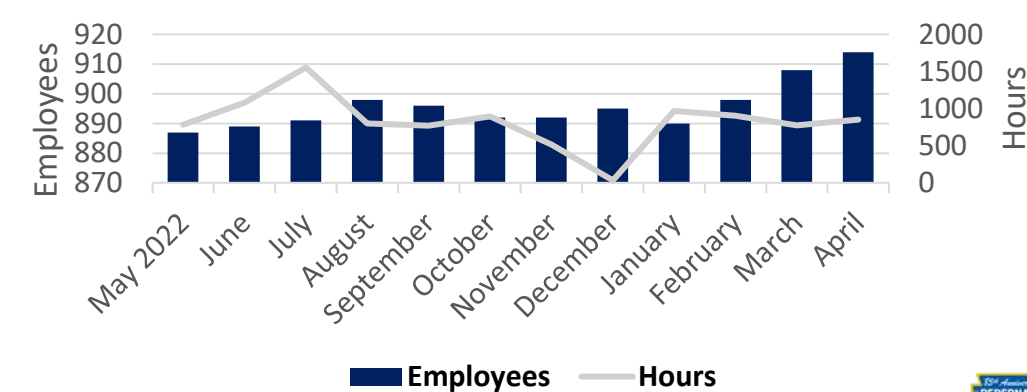
Apprentices & Journeyworker Training Hours

Hours trained for Apprentices & Journeyworkers per month



Safety Training Hours

Safety training hours per month



Employee Development Spotlight

Staff Completes Level Up Management Training!



Wes Womack
Regional
Operations
Supervisor
Marble Falls



Tonna Hisey
Member
Relations
Supervisor
Marble Falls



Daphanie Hill
Member
Relations
Supervisor
Marble Falls



Debra Hewlett
Member
Relations
Supervisor
Bertram



Hilda Boling
Member
Relations
Supervisor
Marble Falls

Employee Development Spotlight



New truck enhanced visibility pilot completed

Started with Safety and
Technical Training vehicles;
preparing for Cooperative-
wide deployment

PEC Ethics Champions



- PEC's Ethics Champions Committee is a network of employees that promote awareness of PEC's values, educate and engage employees on ethics and compliance, and demonstrate integrity and character
- Help educate employees on responding to ethical dilemmas, reporting conflicts of interest, reinforcing psychological safety, and complying with PEC's policies



Community and Member Engagement

JP Urban EVP, External Relations

Enroll Now in PEC's Power of Change

POWER of CHANGE

ROUND UP YOUR BILL FOR CHARITY

- For about \$6 a year, you can help support worthy nonprofits helping PEC members and communities
- Power of Change funds the majority of PEC charitable giving, including community grants, educational support, and nonprofit outreach
- Enroll today at pec.coop/change

THE POWER OF OPPORTUNITY



MARBRIDGE FOUNDATION:
POWER OF CHANGE GRANT RECIPIENT

PEC Awards More Than \$33,000 in Spring Grants



**Funded 100% through Power of
Change and members' generosity!**

PEC United Charities Supports 242 Nonprofits



- United Charities is PEC's employee-giving program
- More than \$284,000 to 240 charities this year
- Funded through employee contributions and Power of Change





Appreciation and Look Ahead

Employee Kudos*



**Gabby
Degollado**
Member Relations
Control Center
Specialist
Headquarters



Joshua Herrick
Regional Operations
Supervisor
Cedar Park



Justyn Parrish
Journeyworker
Cedar Park



Rachel Aguilar
Distribution
Planner, Lead
Canyon Lake



AJ Mann
Regional Operations
Supervisor
Canyon Lake

**These were selected from the hundreds of kudos PEC receives each month*



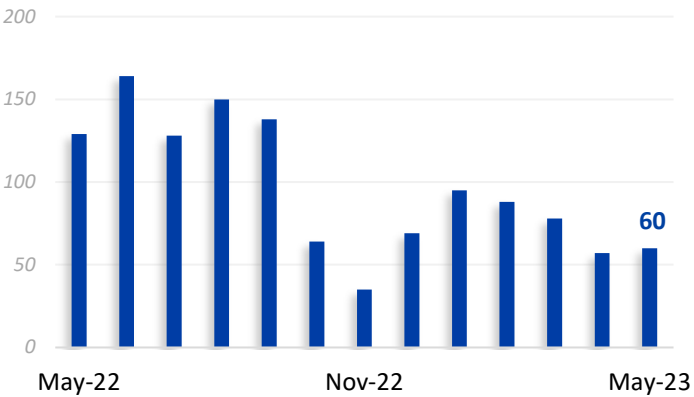
Appendix Pages From Operations and Financials Reports

Distribution Maintenance

Technical Services

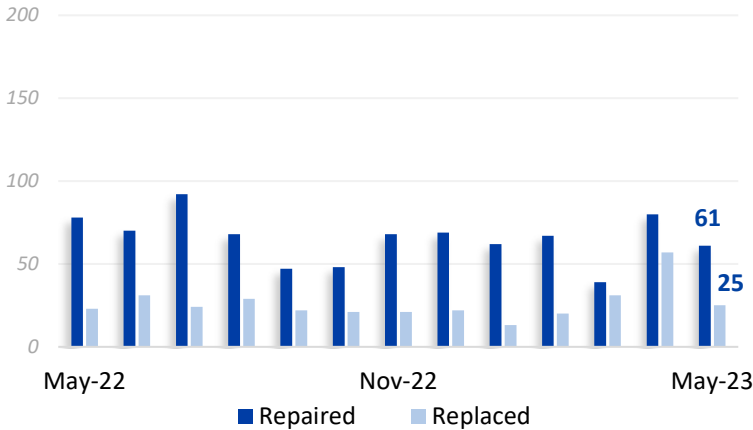
Equipment Inspections

2022 YTD: 528
2023 YTD: 378



Equipment Repaired & Replaced

2022 YTD: Repaired - 364, Replaced - 105
2023 YTD: Repaired - 309, Replaced - 146



Pole Contacts

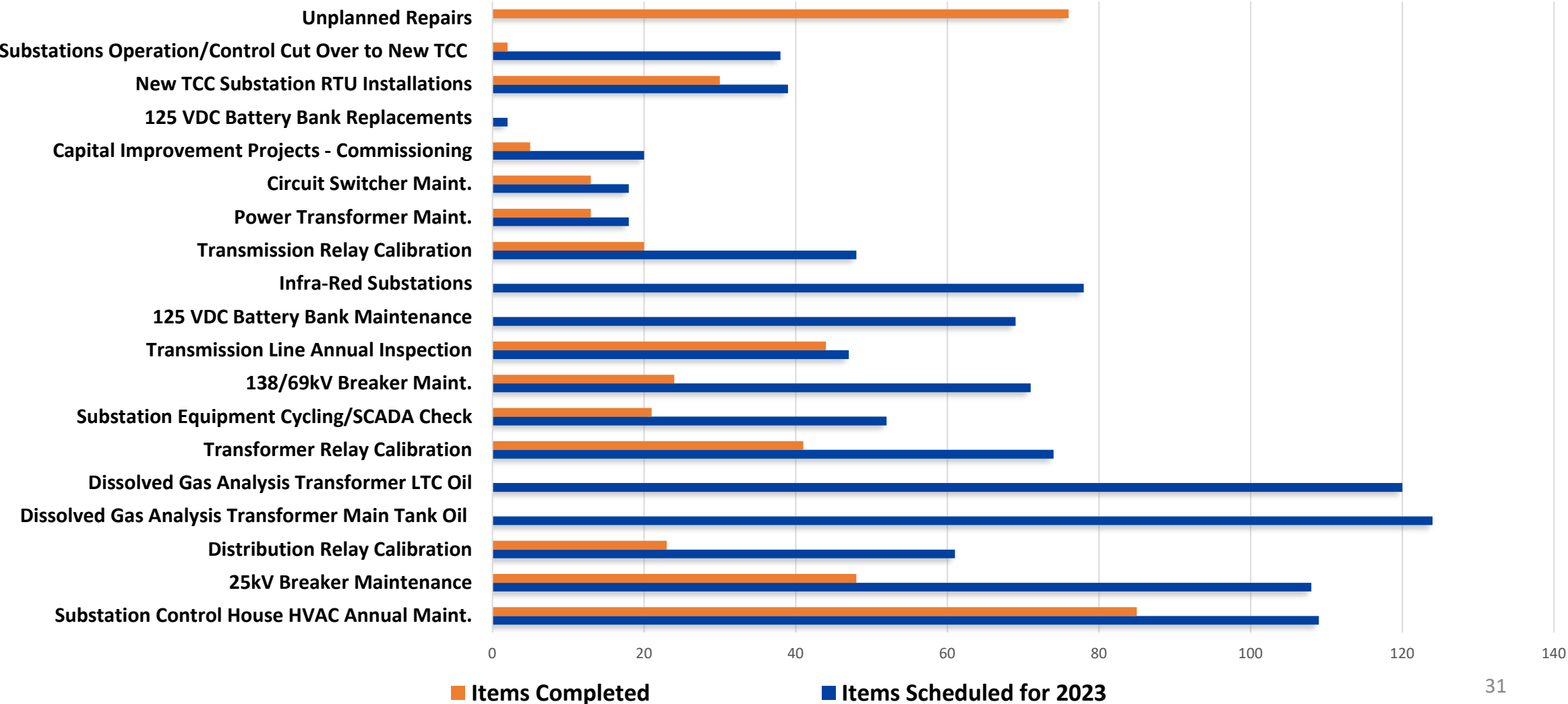
Applications Received & Permits Issued

2022 YTD: Received - 320, Inspected - 336, Approved - 305
2023 YTD: Received - 298, Inspected - 304, Approved - 258



Substation & Transmission Maintenance

2023 Itemized Maintenance By Equipment



Planning Engineering Projects

Overall Status

Project	Completion Date	Percent Complete
Load Projections Study	Jan 2023	100%
2023 CIP Project Maps	Feb 2023	100%
Capacitor Settings	Mar 2023	92%
4CP Study	Apr 2023	100%
Summer Contingency	May 2023	95%
20 Year Plan	Jun 2023	98%
UFLS Study	Jun 2023	10%
CIP (1st draft) Study	Jul 2023	10%
CIP Study Completed	Sep 2023	0%
Mock UFLS Study	Dec 2023	0%
PEC System Arc Flash Study	Dec 2023	5%
Winter Contingency	Dec 2023	0%
2 Year System Protection Coordination Review	Dec 2023	65%

Substation Engineering Projects

Overall Status			Start Date	Completion Date	Percent Complete
District	Phase				
Cedar Park	Construction	Upgrade bus to double-bus double-breaker	Apr-21	Apr-23	100%
Oak Hill	Construction	Upgrade line protection relay panels	Apr-21	May-24	70%
Junction	Construction	Upgrade transformer and add line breakers	May-21	Oct-23	85%
All Districts	Engineering/ Construction	Upgrade circuit switches and relay protection on three mobile substations	Nov-21	Jun-23	95%
Liberty Hill	Construction	Construct new substation	Dec-21	Dec-23	72%
Liberty Hill	Construction	Add third power transformer	Apr-22	Aug-23	85%
Kyle	Construction	Add third power transformer	May-22	Jul-23	93%
Bertram	Construction	Upgrade power transformer	Jun-22	Sep-23	79%
Cedar Park	Construction	Make improvements to ground grid for reliability	Aug-22	Apr-23	100%
All Districts	Engineering	Develop transmission protection philosophy for protective settings	Jan-23	Sep-23	59%
All Districts	Engineering	Develop configuration for engineering to have access to RTU settings	Nov-22	Dec-23	25%
Oak Hill	Engineering	Upgrade power transformer	Feb-23	Jan-25	16%
Liberty Hill	Engineering	Upgrade power transformer	Feb-23	May-24	24%
Cedar Park	Engineering	Add third power transformer	Feb-23	Nov-24	18%
Kyle	Engineering	Construct new substation	Feb-23	Dec-24	18%
Oak Hill	Engineering	Add feeder breaker and feeder	Mar-23	Dec-23	30%
Oak Hill	Engineering	Add feeder	Mar-23	Dec-23	30%
Bertram	Engineering	Add circuit switcher on power transformer	Mar-23	Dec-23	33%

Transmission Projects

Overall Status

District	Phase	Description	Completion Date	Percent Complete
Canyon Lake	Complete	Increase clearance to meet USACE requirements	Dec 2022	100%
Marble Falls and Cedar Park	Complete	Reconductor (Phase 1)	Feb 2023	100%
Oak Hill	Complete	Harden transmission line to meet severe weather requirements	Mar 2023	100%
Kyle	Closeout	Harden transmission line to meet severe weather requirements	May 2023	99%
Junction	Engineering	Extend tap to new substation bay	Oct 2023	30%
Liberty Hill	Procurement	Harden transmission line to meet severe weather requirements	Dec 2023	50%
Liberty Hill	Procurement	Add Fiber to existing transmission line	Feb 2024	40%
Liberty Hill	Procurement	Harden transmission line to meet severe weather requirements	May 2024	50%
Marble Falls and Cedar Park	Procurement	Overhaul (Phase 2)	May 2024	50%
Kyle	Engineering	Transmission line overhaul	Jan 2025	10%
Oak Hill	Procurement	Harden transmission line to meet severe weather requirements	May 2025	40%
Cedar Park	Engineering	Harden transmission line to meet severe weather requirements	May 2025	40%

Large Project Updates

Cedar Park

Plans for additional restrooms have been completed, bidding and permitting in progress. Yard improvements for drainage in process.

Johnson City

Developing a master plan for the Haley Rd site. Completing design for 7,000 sq. ft. warehouse, bidding and permitting to follow.

Junction

Contractor has mobilized and is currently working on fencing and fuel island installation.

Marble Falls

Finalizing design, resolving encroachments, gathering bids, and obtaining city approval for yard renovations.

Oak Hill Fuel Island

Project awarded, permitting process has begun.



Facility Management Metrics

PEC Facilities staff complete approx. 400 orders/mo.

	Goal	2023 YTD	2022
Avg Response Time	< 1 day	.26 days	.54 days
Completed On-Time	> 90%	80%	79%
Proactive Work Orders	> 80%	92%	85%
Satisfaction Rating	> 95%	95%	100%



Appendix to May 2023 Financial Presentation to the Board

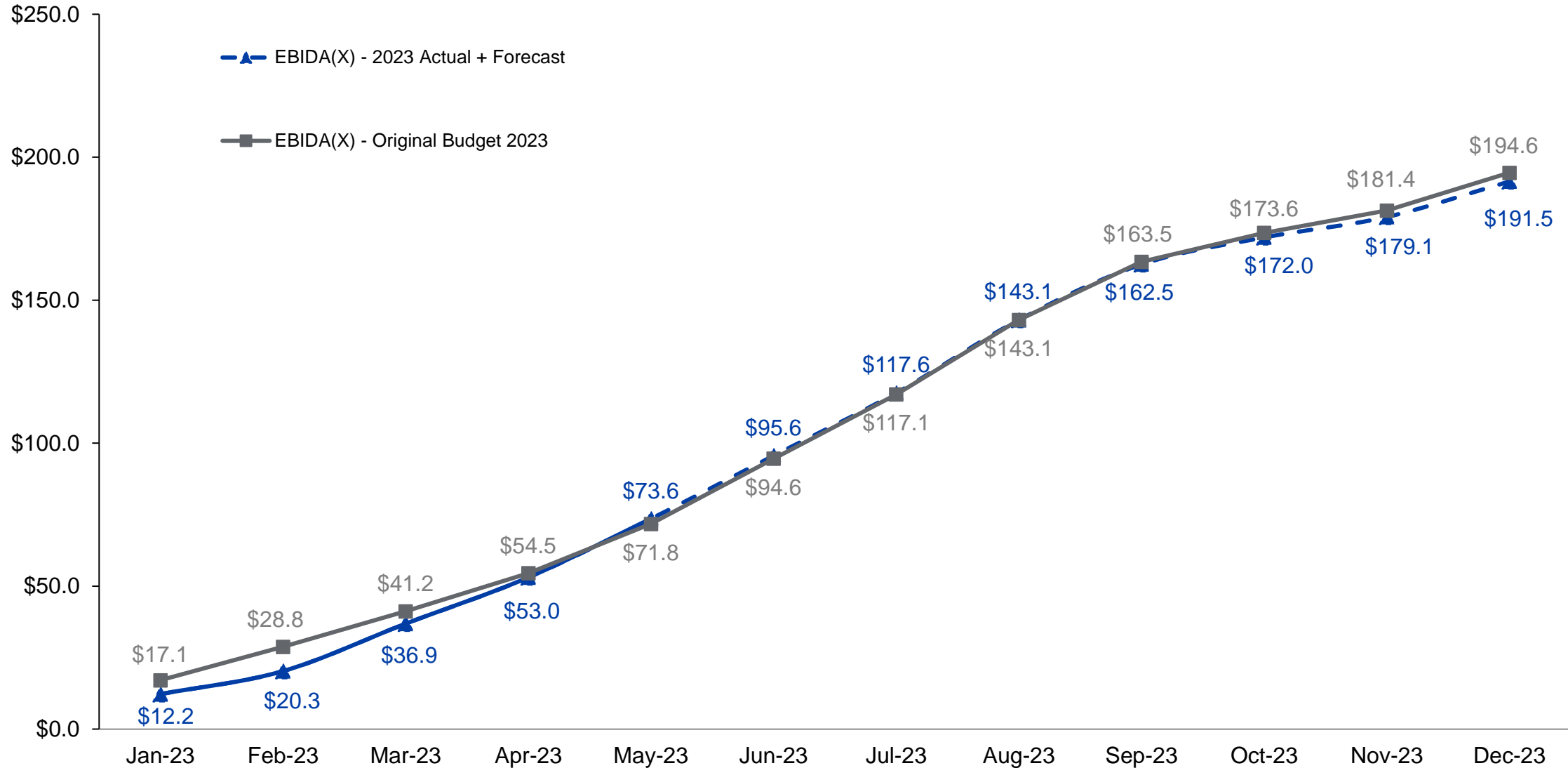
Randy Kruger | Chief Financial Officer

3. Financial Report

Financial Performance

	MTD			YTD			Annual	2022 to 2023 % Change
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Budget	
Gross Margins	\$ 25,704,117	\$ 28,920,806	\$ 30,781,558	\$ 134,774,825	\$ 136,953,144	\$ 136,220,608	\$ 352,088,225	-1.06%
Operating Expenses Ex. Depreciation	14,263,194	14,357,167	11,885,031	75,084,977	66,838,288	58,381,057	166,658,781	28.61%
Depreciation	6,895,225	8,288,229	8,148,950	37,265,799	44,528,119	46,121,598	108,552,698	
Interest Expense	3,667,589	3,776,308	3,750,045	18,147,236	18,782,027	18,494,308	45,173,483	
Other Income	(152,407)	(12,200)	(62,833)	(528,256)	(66,253)	(494,426)	(5,371,928)	
Net Margins	\$ 1,030,516	\$ 2,511,302	\$ 7,060,365	\$ 4,805,069	\$ 6,870,963	\$ 13,718,071	\$ 37,075,192	
EBIDA	\$ 11,593,330	\$ 14,575,839	\$ 18,959,360	\$ 60,218,104	\$ 70,181,109	\$ 78,333,977	\$ 190,801,372	-23.13%
Over (Under) Collected Revenues	8,951,067	2,670,755	1,724,702	13,356,898	1,606,157	(620,105)	3,749,120	
EBIDA(X)	\$ 20,544,397	\$ 17,246,594	\$ 20,684,062	\$ 73,575,002	\$ 71,787,266	\$ 77,713,872	\$ 194,550,492	
Total Long-Term Debt							\$ 1,114,322,192	
Debt Service							65,690,519	
Debt Service Coverage Ratio							2.96	
Equity as Percent of Assets							39.6%	
Net Plant in Service							\$ 1,985,228,388	
Capital Improvement Spend							\$ 202,863,100	
Energy Sales kWh	584,813,795	619,800,290	676,796,992	2,564,522,939	2,720,040,596	2,839,927,501	7,500,307,799	-9.70%
Energy Purchases kWh	618,052,055	663,135,505	723,802,342	2,733,673,325	2,908,833,883	3,064,685,330	8,019,713,349	-10.80%
Active Accounts				392,589	395,523	375,790	407,506	4.47%

EBIDA(X) Year to Date (in millions)



3. Financial Report

CIP Spend

Construction Category & Description		YTD Actuals	YTD Budget	Variance (Over)/Under Budget	Annual Budget
<u>Distribution</u>					
100	New Lines (Line Extensions for new primary, secondary and service lines)	\$ 4,913,813	\$ -	\$ (4,913,813)	\$ -
200	Tie Lines (new construction between existing lines)	1,858,012	4,293,342	2,435,330	9,608,071
300	Conversions or Line Changes	9,602,700	11,378,145	1,775,444	27,514,015
600	Miscellaneous Distribution Equipment	21,848,087	20,725,902	(1,122,185)	51,775,582
700	Other Distribution Items	93,385	216,667	123,282	520,000
Distribution Total		\$ 38,315,997	\$ 36,614,056	\$ (1,701,941)	\$ 89,417,668
<u>Substation</u>					
400	New Substations, Switching Stations and Meter Points	\$ 3,057,549	\$ 9,343,613	\$ 6,286,064	\$ 20,798,652
500	Substations, Switching Stations and Meter Point changes	10,380,731	13,684,029	3,303,298	24,856,760
Substation Total		\$ 13,438,280	\$ 23,027,642	\$ 9,589,362	\$ 45,655,412
<u>Transmission</u>					
800	New Transmission Lines	\$ 131,136	\$ 734,593	\$ 603,457	\$ 2,030,593
1000	Line and Station Changes	1,952,091	5,284,217	3,332,126	19,698,276
Transmission Total		\$ 2,083,227	\$ 6,018,810	\$ 3,935,583	\$ 21,728,869
<u>General Plant</u>					
2000	Facilities	\$ 3,508,538	\$ 14,827,729	\$ 11,319,191	\$ 29,346,563
3000	Information Technology	1,023,206	3,736,203	2,712,997	7,776,588
4000	Tools & Equipment	116,116	230,915	114,799	438,000
5000	Vehicles	1,304,847	3,541,667	2,236,820	8,500,000
Total General Plant		\$ 5,952,707	\$ 22,336,514	\$ 16,383,807	\$ 46,061,151
Accrued WIP		\$ 1,366,419	\$ -	\$ (1,366,419)	\$ -
Total Capital Improvement Plan Spend		\$ 61,156,630	\$ 87,997,022	\$ 26,840,392	\$ 202,863,100



pec.coop